

RAISE *the* WAGE

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- **Gradually raising the minimum wage to \$15 by 2024 will be good for workers, good for businesses, and good for the economy.** This proposal will put money in the pockets of 40 million hardworking Americans who will then spend that money in the local economy, which is why a majority of people support phasing in a \$15 minimum wage.
- **No person working full-time in the richest nation on earth should be living in poverty,** but there is *no place in America* where a full-time worker making \$7.25 an hour can afford the basic essentials. After 10 years with no increase in the minimum wage, the rising cost of living is leaving more and more working families behind.
- American workers are more productive than ever, but they are not getting a fair share of economic growth. Raising the minimum wage is one part of **Democrats' commitment to get workers and middle-class families a long overdue raise.**

[Key Messages with Supporting Points](#)

- **Gradually raising the minimum wage in six steps to \$15 by 2024 will be good for workers, good for businesses, and good for the economy.** This proposal would put money in the pockets of 40 million hardworking Americans who will then [spend that money](#) in the local economy, which is why a majority of people support phasing in a \$15 minimum wage.
 - American workers are overdue for a raise. Raising the minimum wage to \$15 would increase wages for nearly 40 million people—roughly 30 percent of the workforce.
 - Once fully phased in, this roughly translates into an annual pay increase of about \$3,500 for the average affected worker.
 - A 2016 Gallup poll found that [58 percent of Americans support a \\$15 minimum wage.](#)

- **No person working full-time in the richest nation on earth should be living in poverty**, but there is *no place in America* where a full-time worker making \$7.25 an hour can afford the basic essentials. After 10 years with no increase in the minimum wage, the rising cost of living has left working families behind.
 - [One in nine U.S. workers are paid wages that leave them in poverty](#) – even when working full-time and year-round. The take home pay for a full-time worker at the federal minimum wage is [\\$267 per week](#).
 - Since the last increase in 2009, the purchasing power of the minimum wage has declined by approximately 15 percent due to inflation. Today's minimum wage worker has less buying power than a minimum wage worker had in the 1960s.
 - The average age of workers who benefit from this bill is 36 years old. This includes one out of every three working women, one out of every three Hispanic workers, 1.7 million Asian workers, and 40 percent of all African American workers.
- American workers are more productive than ever, but they are not getting a fair share of economic growth. Raising the minimum wage is one part of **Democrats' commitment to get workers and middle-class families a long overdue raise**.
 - From 1980 to 2014, inflation adjusted wages for the bottom half of income earners grew by one percent, while real wages for the top one percent of earners grew [by 205 percent](#).
 - Our economy, our communities, and our country is stronger when we reward and support hardworking families. We can further raise workers' standard of living through policies like expanding access to affordable child care, overtime pay, and paid time off to take care of loved ones, and ensuring workers can stand together and negotiate for better wages and benefits.
- Gradually phasing in a \$15 minimum wage by 2024 restores the value of the minimum wage for every American worker, without exception. **It ensures that the federal minimum wage is no longer a poverty level wage.**

[Combatting Republican Talking Points](#)

[Regional Minimum Wage](#): While notionally attractive, proposals for a regional minimum wage are actually harmful for workers, businesses, and regional economies.

- **Workers should not be forced to work for poverty-level wages, regardless of where they live.** The purpose of the federal minimum wage is to establish a universal floor. By 2024, the cost of living in every region in the nation will require workers to make *at least* \$15 an hour to achieve a basic standard of living.
 - Because of the rise of e-commerce, the cost of living is increasingly nationalized. When a worker from Georgia shops online, the prices they see are the same as for a worker in New York City. **A regional approach is obsolete and fails to account for the realities of the modern economy.**
- **A regionalized minimum wage would lock in lower wages in historically low wage areas**, particularly in southern areas where depressed wages are a result of a history of racially discriminatory policies. In states with weak labor standards, a federal minimum wage may be the only effective labor market institution that elevates wages. A regional wage would limit the power of the minimum wage to boost worker incomes and their buying power.

- **Voters in so-called “low-cost” and conservative areas of the country have supported raising the minimum wage.** The 2018 ballot initiative in Arkansas, which passed 68%-32%, gradually increased the minimum wage to \$11 by 2021. Our proposal would put the federal minimum wage at \$11.15 by 2021. In Missouri, voters overwhelmingly passed a minimum wage increase to \$12 by 2023 (62%-38%), even as they voted out incumbent Democratic Senator Claire McCaskill.

2014 CBO Report: In 2014, the Congressional Budget Office studied the effects of raising the minimum wage to \$10.10 by 2016. While the media coverage of their report largely focused on CBO’s projection of potentially 500,000 lost jobs, the CBO’s more relevant finding is that 16.5 million American workers would get a raise.

- The CBO’s 2014 report on raising the minimum wage **demonstrated the tremendous positive impact that this legislation would have on American workers.** According to the report, raising the minimum wage to just \$10.10 would raise wages for 16.5 million people, lift 900,000 families out of poverty, and increase overall earnings by \$31 billion.
- **The CBO report assumptions and their results have been widely criticized.** Economic studies have updated our understanding of the effects of the minimum wage on employment since the CBO produced its report five years ago
- More recent analysis finds that moderate increases in the minimum wage have little to no impact on wages.
 - A **2018 study** of the minimum wage increases in Chicago, Washington, D.C, Oakland, San Francisco, San Jose and Seattle, found significant **pay increases for workers and no significant employment reductions** in those six cities.
 - **Another 2018 study** examined the impact of 138 separate minimum wage increases implemented between 1979 and 2016, and found no **overall reduction in low-wage jobs.**

Creating One Fair Wage

In addition to gradually raising the minimum wage to \$15 by 2024, the *Raise the Wage Act* ensures that all workers are paid at least the full federal minimum wage. This is accomplished by gradually phasing out the subminimum wage for tipped workers, youth workers, and individuals with disabilities.

Tipped Workers: Currently under the Fair Labor Standards Act (FLSA), an employer may pay a tipped employee a subminimum wage of no less than \$2.13 per hour and use the employee’s tips to meet the employer’s obligation to pay the federal minimum wage of \$7.25 per hour. But too often, employers, through error or outright wage theft, fail to ensure their workers are making the full minimum wage. The \$2.13 subminimum wage for tipped workers – which applies to many employees in restaurants, hotels, and other service industries – consistently results in lower pay and greater uncertainty about whether they will make enough money to make rent and cover basic expenses.

- **The subminimum wage for tipped workers is causing workers to live in poverty.**
 - Tipped workers are generally low-wage workers, earning **about \$6.50 an hour less** than non-tipped hourly workers, and experience poverty at higher rates than non-tipped workers.
- **Ensuring that tipped workers are paid the full minimum wage increases their pay.**

- Tipped workers in states that treat all workers equally (Alaska, California, Minnesota, Montana, Nevada, Oregon, and Washington, also known as “one fair wage” states) earn about [15 percent more per hour](#) including tips than workers receiving \$2.13 as a base wage.
- Workers in one fair wage states continue to receive tips in addition to their hourly wage.
- In fact, a [higher percentage of customers tip](#) in Washington State (a state with no tipped subminimum wage) than in New York (a state with a tipped subminimum wage), and customers in Alaska (a state with no tipped subminimum wage) leave the highest average tip among all 50 states.
- **Ensuring that tipped workers are paid the full minimum wage reduces uncertainty about their ability to make rent and cover basic expenses, and reduces their vulnerability to wage theft and other violations of their workplace rights.**
 - In a 2010 to 2012 compliance sweep of nearly 9,000 full-service restaurants by the U.S. Department of Labor’s Wage and Hour Division (WHD), [83.8 percent of investigated restaurants had some type of violation](#). This includes \$5.5 million in back wages for tipped workers.
 - The Trump administration recently rollbacked protections for tipped workers by rescinding the “80/20 rule,” which ensured tipped workers spend most of their time doing tasks that allow them to earn tips. This rollback will make more workers subject to the subminimum wage more often.
- **Restaurants flourish in states that have eliminated the tipped subminimum wage.**
 - While opponents of eliminating the tipped minimum wage assert such action would hurt businesses, this claim has not played out in the states that eliminated the subminimum wage for tipped workers.
 - Full-service restaurants in states without a lower tipped subminimum wage actually saw [stronger growth](#) in the number of establishments and jobs than in states with a two-tiered wage system.

Youth Workers: The subminimum wage for youth workers allows employers to pay employees under 20 years of age an hourly wage of \$4.25 for the first 90 calendar days of their employment.

- **Eliminating the youth minimum wage is an issue of basic fairness.**
 - The law should not force young workers to make significantly less than their older peers while doing exactly the same job.
 - While it is rarely used by employers, the youth minimum wage is often used by corporate lobbyists as a wedge issue to block general increases to the minimum wage.
- **Ensuring all workers are paid the full federal minimum wage will help young workers achieve higher levels of education.**
 - Eliminating the subminimum wage for teen workers – and raising the minimum wage generally – will help students working to pay for higher education.
 - [70 percent of 18- and 19-year-olds](#) who are enrolled in two- or four-year colleges work.
 - Nearly half of U.S. students pursuing a two-year degree, and over 40 percent of students pursuing a four-year degree, [work more than 35 hours per week](#).
 - [Studies show](#) that working more than 20 hours per week puts college students at risk of dropping out.

- Eliminating the subminimum wage – and raising the minimum wage generally – will help teen workers from low-income families contribute to their financial security without sacrificing their education.
- [A 2014 paper](#) found a 10 percent increase in the minimum wage lowers the likelihood of dropping out for low-income teenagers can reduce the group’s dropout rate by roughly 4-10 percent, because they can support their families without working excessive hours.
- **Corporate lobbyists are seeking to exploit the youth minimum wage as a wedge issue to block minimum wage increases across the country.**
 - [A leaked memo](#) written by infamous corporate lobbyist Richard Berman advises clients to use the youth minimum wage – and its supposed impact on young workers – as a tool to paint young workers as “victims” of minimum wage increases.
 - In the memo, he argues that proposing a special low youth minimum wage would sidetrack the debate and, as an added benefit, would have a “ripple effect” that would *depress wages across the board*.

Individuals with Disabilities: Section 14(c) of the Fair Labor Standards Act allows employers and organizations to apply for special certificates to pay individuals with disabilities at wages less than the minimum wage and less than the prevailing wage. There is no minimum amount that can be paid to an individual with a disability under 14(c) certificates, and the average wage paid is generally unknown, but **estimated** to be approximately \$2.50.

- **All people deserve the right to earn the minimum wage.**
 - Individuals with disabilities are paid a subminimum wage that is not based on performance or skill, but only based on them having a disability. Every working person should be paid the full federal minimum wage.
- **Fully integrating workers with disabilities into the general workforce will increase their productivity.**
 - Experts in the field of disability employment agree that [individuals with disabilities are more productive and effective](#) when they are integrated into the general workforce and paid a fair wage.
- **Fully integrating workers with disabilities into the general workforce will support the core goals of the landmark Americans with Disabilities Act: Equal opportunity, full participation, independent living, and economic self-sufficiency.**
 - When individuals with disabilities transition to competitive employment, they better able to achieve financial independence and are [more likely to spend time engaging in their community](#).